



Preferred Risk Policy Eligibility Extension



A Low-Cost Flood Insurance Option for your Community

The National Flood Insurance Program's low-cost Preferred Risk Policy (PRP) rating option has been extended for property owners whose buildings are newly mapped into a high-risk, or Special Flood Hazard Area (SFHA).

Flood Maps Change – Flood Risks Change

Since 2003, the Federal Emergency Management Agency (FEMA) has led a major effort to update the nation's flood maps to reflect current flood risks. FEMA is continuing to provide new maps through a program known as Risk MAP (Risk Mapping, Assessment & Planning). The new maps are digital, easily accessible, and represent the most accurate flood risk data available.

As new maps have been issued, many property owners have learned that their risk of flooding has changed. And for some, the change has meant new flood insurance requirements. If a building in a moderate- to low-risk area is mapped into a high-risk area, most lenders will require flood insurance.

Before January 2011, an insurance agent could write a low-cost PRP before the new flood maps became effective, but had to re-write the policy to a more expensive standard-rated policy after the revised maps went into effect. On January 1, 2011, FEMA extended PRP eligibility, allowing the PRP to be written for two years after a revised flood map's effective date.

As of January 1, 2013, FEMA is continuing to make the PRP available for properties that have been newly mapped into an SFHA since October 1, 2008, even after the two-year extension ends. Beginning October 1, 2013, these policy premiums will increase 20 percent each year.


Eligibility for the PRP Extension

To be eligible for the PRP, the building must meet certain loss-history requirements. If there have been two disaster relief payments on the structure, or claims for flood losses of \$1,000 or more, or three losses of any amount, the structure is ineligible for a PRP. Refer to the National Flood Insurance Program Flood Insurance Manual for a full list of eligibility requirements.

Buildings Mapped Into a SFHA before January 1, 2011

Buildings newly mapped into high-risk flood zones (labeled as "A" or "V" on the flood maps) on or after October 1, 2008 and before January 1, 2011, became eligible to be written as a PRP





beginning January 1, 2011. Therefore, policies issued as standard-rated policies or converted to standard-rated policies following a map change on or after October 1, 2008, can be converted to the lower-cost PRPs. Buildings meeting these same conditions that were not previously insured may be issued as a new PRP.

Buildings Mapped Into a SFHA after January 1, 2011

Buildings newly mapped into a high-risk flood zone due to a map revision on or after January 1, 2011 are eligible for the PRP, assuming loss history requirements are met. Policyholders in SFHAs will continue to be issued PRPs at each renewal.

In writing the policy, you need to provide your insurance company documentation to show that the building is eligible for the PRP extension, including the current and prior map information. Refer to the NFIP Flood Insurance Manual for a complete list of acceptable and required documentation. Both historic and current flood maps can be found on FEMA's mapping website (mfc.fema.gov) or through the local community's floodplain administrator.

Help Your Clients Stay Protected and Save

Policyholders need to understand they are still at a high risk for flooding. This extension provides your clients additional time to save and prepare for paying the full-risk premium. The extension also provides more time for the community to upgrade or mitigate flood control structures to meet FEMA standards and reduce the flood risk. Mitigation can also help to reduce the cost of flood insurance.

For additional tools and resources to help communicate the risk of flooding and help with the sale of flood insurance, visit: [**Agents.FloodSmart.gov/PRPEE**](https://agents.floodsmart.gov/PRPEE).